

DUBLIN UNIFIED SCHOOL DISTRICT
2020 SCHOOL FACILITIES NEEDS ANALYSIS
FREQUENTLY ASKED QUESTIONS
UPDATED 5/12/20

What are school impact fees?

Under state law, a school district that meets certain eligibility requirements is entitled to impose school impact fees, or developer fees, that are imposed on new residential, commercial and industrial development. These fees are intended to offset the impact of new development on school facilities, since developments generally bring new school aged children into a school district. The fees are generally imposed on a per square foot basis of each new development.

What are the different types of school impact fees?

Under state law, there are three levels of fees that a school district potentially can impose. “Level 1” fees are reviewed and updated every two years by the State Allocation Board. The most recent update, from earlier this year, authorized a Level 1 fee of up to \$4.08 per square foot of residential development, and up to \$.66 per square foot of commercial and industrial development.

A “Level 2” fee is an alternative fee that a school district can meet if it qualifies under various criteria that are outlined below. Essentially, it is an opportunity for impacted school districts to qualify for a higher per square footage fee on *residential* development. Commercial and industrial development are subject only to a Level 1 fee.

A “Level 3” fee is a further supplemental fee that a qualifying school district can charge to *residential* development only if the State Allocation Board formally announces that it has run out of state bond funds for school facilities.

How are the fees determined?

Level 1 fees are based on a calculation included in school fee justification study prepared by a school district and its consultants. That study looks back to how many students are being generated from prior development, and forward to what further developments are forthcoming. The law gives a school district a reasonable amount of flexibility to consider its own unique circumstances when calculating a Level 1 fee.

Unlike Level 1 fees, under applicable State law, Level 2 and 3 fees must be based on a calculation performed in a “School Facilities Needs Analysis” that applies a very specific and narrow state formula. For example, the study can reach back only 5 years into the past and project 5 years into the future. The required statutory formula typically means that the Level 2 fee will be lower than what a school district can otherwise justify. The formula is described at length below. Based on the proposed School Facilities Needs Analysis for 2020, the Level 2 fee for the next calendar year after adoption would be **\$7.71** per square foot.

Why do the fees change over time?

The Level 1 fee can only be increased every two years, and only up to the cap adopted by the State Allocation Board (this year, \$4.08 per square foot of residential development). Once adopted by the

District, the Level 1 fee remains in place until the Board takes a future action to increase it again, based on the State Allocation Board's next fee cap, which will be announced in January/February of 2022.

The Level 2 fee remains in effect for only one year after adoption by the District, meaning that it must be renewed every year. Each year, the statutorily required formula is applied, and changed circumstances will result in different dollar amounts each year. This means that the Level 2 fee can increase or decrease each year. Each school district in the state has to apply the same formula and statutory assumptions to calculate a Level 2 fee, meaning that unique local circumstances and needs are generally not allowed to be considered.

Why did this year's number go down?

As discussed below, this year the projection of multi-family residential housing is proportionally larger when compared to projected single family housing than it was in prior years. Because multi-family units historically have generated fewer students in the District over the five year window that the District is required to consider, the overall projection of students drops, and with it the Level 2 fee also goes down.

As a general rule, the more property a school district acquires and more new facilities it builds, the less it is able to justify as part of the Level 2 formula. As a result, as the District continues to acquire property and build new schools, its Level 2 fee may continue to decline. At the same time, the Level 1 fee will likely increase every two years. If the Level 2 fee ever becomes lower than the Level 1 fee, the District can opt at that time to collect the higher Level 1 fee.

What is the District's actual need?

This year's Level 1 justification study shows that mitigating the actual impact of new residential development on the District would require payment of **\$22.58** per square foot in school impact fees. However, state law caps the Level 1 fee, with the new cap being only **\$4.08** per square foot, and the Level 2 and 3 fees are limited by the statutory formula.

Why doesn't the District seek higher fees?

The District regularly does all in its power to seek fees higher than the statutorily established amounts, up to the amount of the District's actual need. The District has consistently attempted to negotiate higher fees with developers proposing to build in Dublin. The developers and the City are regularly made aware of the District's needs, and the District has been able to negotiate higher fees than would otherwise have been available by statute on a number of significant projects in the City. However, the District does not have the legal authority under state law to *require* payment of these higher fees.

Most recently, in December 2019, the District approved an agreement with SCS Development regarding the proposed At Dublin project, a mixed used residential/commercial project currently under consideration by the City. Under that agreement, SCS Development has committed to pay \$80,000 the District per student projected to be generated by the development. If the City approves the At Dublin project, with a student generation rate of .724 students per single family residence, the developer will pay the District \$57,920 in school impact fees for each such residence. For a 2,300 square foot home, this fee equates to **\$24.64** per square foot, which is in excess of the District's fully justified need of **\$22.58** per square foot. As a result of the agreement, a 2,300 square foot home will pay \$57,920 instead of the Level 2 fee of only \$17,733 ($\$7.71 \times 2,300$ square feet). Thus, the At Dublin agreement is an example where the development's impact on the District will be fully mitigated.

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The following provides greater detail about the calculation of this year’s Level 2 fee.

“Level 2” School Fees – Overview

- Alternative School Fees:
 - Apply to New Residential Development only;
 - Amount levied in excess of statutorily designated Level 1 Fees established by the State Allocation Board;
 - Unique to each School District- no set amount;
 - Valid for one (1) year after adoption;
 - A school district must have established eligibility for State Funding and meet at least 2 of 4 Statutory Requirements

- There is a statutory formula that applies to the calculation of Alternative School Fees from which the School District cannot deviate when imposing fees (see formula calculation steps below).

- Amount determined by School Facilities Needs Analysis (“SFNA”) pursuant to the following formula:
 - Multiply the number of projected unhoused pupils by the standard school facilities program grant, which is based upon grade level;
 - Add eligible site acquisition and development costs (up to 50%).
 - Subtract local funds dedicated by the governing board to facilities necessitated by new construction.
 - Divide the subtotal by the projected total square footage of assessable space of residential

- According to the way SB 50 is constructed, the more property acquired and school facilities built to house students, the lower the Alternative School Fees become; similarly, the fewer units that are proposed for development, the lower the Level 2 fee becomes.

- The primary reason for the decrease in the Alternative School Fees for the School District compared to the 2019 SFNA is mostly attributable to a higher proportionate number of Multi-family attached (MF) units to the total number of units expected to be constructed over the next five (5) years. Based on the SGRs calculated using the State mandated formula, MF units generate fewer students on a per square-foot basis compared to SFD and SFA residential units; therefore, an increase in the number of MF units to the overall units projected has the effect of decreasing the fee amount.

ITEM		2019 SFNA		2020 SFNA	
Projected Unmitigated Units	SFD	644	41%	220	22%
	SFA	161	10%	65	6%
	MF	761	49%	727	72%
	Total	1,566	100%	1,012	100%

Eligibility Requirements:

- In order to qualify for charging Level 2 fees, a School District must have established eligibility for State Funding and satisfy at least two of the following Statutory Requirements:

1. Substantial enrollment on a Multi-Track Year-Round Schedule	Not Satisfied (Not Common)
2. At least one (1) local bond measure on the ballot in the last four (4) years and received at least 50% plus one (1) of the votes cast	Satisfied March 3, 2020 (Measure J) – 58%
3. The School District has issued debt or incurred obligations for capital outlay in an amount equivalent to a certain percentage (>30%) of its bonding capacity	Satisfied 77.08%
4. At least 20% of the teaching stations within the School District are portable	Not Satisfied 15.64%

Alternative School Fees Adoption Process:

1. Preparation of the SFNA began in March 2020.
2. AB 1367 Notification Letters were sent to local planning departments on April 14, 2020, which include an offer to meet to discuss facilities matters and a request to review and provide input regarding residential development projections.
3. Notification of the Public Hearing was published and the Final SFNA was made available to the public for review on May 8, 2020, which was at least 30 days prior to the public hearing.
4. The District plans to hold the Public Hearing for consideration of Alternative School Fees and approval of the SFNA on June 11, 2020.
5. If approved, the planning departments will be notified of the new Alternative School Fees on June 12, 2020.

Alternative School Fees Formula Step-by-Step Calculation (Summary from 2020 School Facilities Needs Analysis):

Alternative School Fees are calculated based on a formula dictated by Government Code Section 65995 et seq. and include the following steps:

1. Determine the Five-Year Student Enrollment Projection
 - a. Determine the current Student Generation Rates (“SGRs”).
 - i. SGRs must be based on new residential units built within the past five (5) years and evaluated by school level and for three residential types: Single Family Detached (SFD), Single Family Attached (SFA)-condominiums/townhomes, and Multi-family attached (MF)- apartments/duplexes/triplexes.
 - ii. SGRs are based on the student enrollment information from October 2019.
 - iii. As of the date of the SFNA, the School District’s current SGRs are as follows:

SCHOOL LEVEL	SFD UNITS	SFA UNITS	MF UNITS
Elementary School (TK-5)	0.3918	0.2709	0.0634
Middle School (6-8)	0.1263	0.0862	0.0206
High School (9-12)	0.1116	0.0636	0.0285
TOTAL	0.6297	0.4207	0.1125

- b. Determine number of Projected Units.

- i. Projected Units may only include the number of residential units planned to be constructed within the next five (5) years.
- ii. As of the date of the SFNA, the number of Projected Units is as follows:

RESIDENTIAL CATEGORY	TOTAL PROJECTED UNITS	MITIGATED PROJECTED UNITS	UNMITIGATED PROJECTED UNITS
SFD	855	635	220
SFA	940	875	65
MF	967	240	727
TOTAL	2,762	1,750	1,012

- c. Determine the Projected Student Enrollment.
 - i. The formula for determining the Projected Student Enrollment is calculated by multiplying the SGRs by the number of Unmitigated Projected Units.
 - ii. Mitigated Projected Units are not included in the calculation since the School District will collect mitigation fees from such developers in lieu of Alternative School Fees.
 - iii. As of the date of the SFNA, the Projected Student Enrollment is as follows:

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT
Elementary School (TK-5)	150
Middle School (6-8)	49
High School (9-12)	50
TOTAL	249

2. Evaluate the Need for Additional School Facilities

- a. Evaluate Available Existing Facilities Capacity:
 - i. The existing facilities capacity was taken from SAB Form 50-02 and was updated to reflect new school facility construction projects funded by the State.
 - ii. Student enrollment information is as of October 2019.
 - iii. As of the date of the SFNA, the Available (Deficit) Capacity is as follows:

SCHOOL LEVEL	EXISTING FACILITIES CAPACITY	STUDENT ENROLLMENT (OCTOBER 2019) ¹	AVAILABLE/ (DEFICIT) CAPACITY
Elementary School (TK-6)	6,994	7,299	(305)
Middle School (7-8)	1,909	1,846	63
High School (9-12)	2,499	3,260	(761)
TOTAL	11,402	12,405	(1,003)

¹ The School District currently operates TK-5 and 6-8 schools; the figures above have been adjusted by school level to be consistent with SAB 50-02 capacity requirements.

- b. Determine Projected Unhoused Students:
 - i. Projected Unhoused Students equals the total Projected Student Enrollment, less any available capacity.
 - ii. Since the School District anticipates an additional 727 students over the next five (5) years from existing development and because many of the available seats are expected to be occupied by projected students generated from mitigated Projected Units, no seats are deemed available to house Projected Student Enrollment.
 - iii. As of the date of the SFNA, the Projected Unhoused Students is as follows:

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	AVAILABLE SEATS ¹	PROJECTED UNHOUSED STUDENTS
Elementary School (TK-5)	150	0	150
Middle School (6-8)	49	0	49
High School (9-12)	50	0	50
TOTAL	249	0	249

¹ A deficit capacity equals zero (0) available seats.

- c. Determine the Number of School Facilities Needed:
- The number of school facilities needed is calculated by dividing the Projected Unhoused Students by the school design capacity at each school level.
 - The school design capacity figures are based on a School Board presentation entitled “Grade Level Configuration Options” dated April 28, 2020.
 - As of the date of the SFNA, the Number of School Facilities Required is as follows:

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	SCHOOL FACILITY CAPACITY	NUMBER OF SCHOOL FACILITIES REQUIRED
Elementary School (TK-5)	150	850	0.18
Middle School (6-8)	49	1,200	0.04
High School (9-12)	50	2,500	0.02

- d. Determine Allowable New Facilities Costs:
- Calculate the New Construction Grant Cost by multiplying the number of Projected Unhoused Students by the Total Pupil Grant (“PPG”) amounts, which have been determined and adopted by the State Allocation Board on January 22, 2020.
 - As of the date of the SFNA, the Total New Construction Grant amounts are as follows:

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	TOTAL PPG	TOTAL NEW CONSTRUCTION GRANT
Elementary School (TK-5)	150	\$13,698	\$2,054,700
Middle School (6-8)	49	\$14,525	\$711,725
High School (9-12)	50	\$18,069	\$903,450
TOTAL	249	NA	\$3,669,875

- e. Determine the Site Acquisition and Site Development Costs:
- Site acquisition costs equal \$3,587,676 per acre and are based on a land appraisal prepared for the School District.
 - Site development costs equal \$598,816 per acre and are associated with the site development of Cottonwood Creek Elementary.
 - As of the date of the SFNA, the Total Site Acquisition and Site Development Grant amount is as follows:

SCHOOL LEVEL	EST. SITE ACQUISITION COST	EST. SITE DEVELOPMENT COST	TOTAL SITE COSTS	50% TOTAL SITE COSTS	NUMBER OF SCHOOL FACILITIES REQUIRED	TOTAL SITE ACQUISITION & SITE DEVELOPMENT GRANT
Elementary School	\$41,043,013	\$6,586,976	\$47,629,989	\$23,814,995	0.18	\$4,286,699

Middle School	\$62,310,757	\$10,000,227	\$72,310,984	\$36,155,492	0.04	\$1,446,220
High School	\$175,738,721	\$28,204,234	\$203,942,955	\$101,971,478	0.02	\$2,039,430
TOTAL						\$7,772,349

f. Calculate the Alternative School Fee:

- i. First, the Maximum Level 2 Fee Cost is calculated as the sum of the Total New Construction Grant amounts and the Total Site Acquisition and Site Development Grant amounts, less any available local funds.
- ii. As of the date of the SFNA, the Net Level 2 Fee Cost is as follows:

DESCRIPTION	AMOUNT
Total New Construction Cost	\$3,669,875
Total Site Acquisition and Development Costs	\$7,772,349
Less: Local Funds Credit	\$0
ALLOWABLE LEVEL 2 FEE COST	\$11,442,224

- iii. Next, the Total Projected Square Footage is calculated, which is based on the total square footage of assessable space of the unmitigated Projected Units.
- iv. As of the date of the SFNA, the Total Projected Square Feet is as follows:

RESIDENTIAL CATEGORY	UNMITIGATED PROJECTED UNITS	AVERAGE SQUARE FOOTAGE PER UNIT	TOTAL PROJECTED SQUARE FEET
SFD	220	3,045	669,900
SFA	65	2,060	133,900
MF	727	935	679,745
TOTAL	1,012	NA	1,483,545

- v. Finally, the Level 2 Fee is calculated by dividing the Net Level 2 Fee Cost by the Total Projected Square Feet.
- vi. As of the date of the SFNA, the Level 2 Fee is as follows:

DESCRIPTION	AMOUNT
Net Level II Fee Cost	\$11,442,224
Total Square Footage of Unmitigated Projected Units	1,483,545
LEVEL II FEE	\$7.71

- vii. The Level 3 Fee is determined by doubling the Net Level 2 Fee Cost, divided by the Total Projected Square Feet.
- viii. As of the date of the SFNA, the Level 3 Fee is as follows:

DESCRIPTION	AMOUNT
Level III Fee Cost	\$22,884,448
Total Square Footage of Projected Units	1,483,545
LEVEL III FEE	\$15.43

Comparison of the 2020 Alternative School Fees to 2019:

ITEM		2019 SFNA	2020 SFNA
Fee Amount	Level 2	\$8.55	\$7.71
	Level 3	\$17.09	\$15.43
Student Generation Rates	SFD	0.6638	0.6297
	SFA	0.3326	0.4207
	MF	0.0962	0.1125
Projected Unmitigated Units	SFD	644	220

	SFA	161	65
	MF	761	727
	Total	1,566	1,012
Per Pupil Grants			
	Elementary School	\$13,426	\$13,698
	Middle School	\$14,218	\$14,525
	High School	\$17,701	\$18,069
Site Acquisition Cost per Acre			
		\$3,731,183	\$3,731,183
Site Development Cost per Acre			
		\$586,600	\$598,816
Estimated Site Capacity¹			
	Elementary School	1,100	850
	Middle School		1,200
	High School	2,500	2,500
Average Square Footage			
	SFD	2,902	3,045
	SFA	2,094	2,060
	MF	935	935

¹ Estimated site capacity for 2019 was based on a K-8 school.