

## August 29, 2017 Board Information

### UNUSED SITE PENALTY

During the 2016-17 fiscal year, the district was assessed an unused site fee by the Office of Public School Construction in the amount of \$29,118 for the Tivoli property. This was the first year that the fee was assessed. Ed Code Sections 17219 through 17224 states:

“Whenever a school district acquires or has acquired a site for school purposes, as determined by the State Allocation Board, and does not use the site within (1) five years of the date of acquisition for kindergarten, if any, and any of grades 1 to 8, inclusive, maintained by an elementary school district or a unified school district, or , (2) seven years of the date of acquisition for any of grades 7 to 12, inclusive maintained by a high school district or a unified school district, or if a school district has a site at any grade level that has previously been used but has not been used for school purposes within the preceding five years, the school district shall be subject to nonuse payments...”

A school district can request that the fee be waived but only under certain conditions. (See page 2 the attached form “Modification of Unused Site Status”.)

This issue was discussed at the June 20, 2017, Board meeting. Since then I have talked to a representative at the Office of Public School Construction (OPSC). She explained that since school districts do not pay property tax, a tax that funds school facilities through the OPSC, the fee is assessed to offset the tax that would have otherwise been collected by an owner of a property that is not designated as a public building.

The Board inquired if we could reduce the fee as described under Section V related to local bonds. I asked this question and was told no, and to refer to page 11 of the handbook (attached).

She had two (2) suggestions to avoid the unused site penalty fee. One (1) was to turn it into a soccer field through a joint use agreement with the City of Modesto. I explained this was most likely not an option since we intend to build a school at that site. The second suggestion was to lease the property to a tenant as described under Section IV.

The property is being assessed a few at a fair market value of \$2.9 million, and the fee is based on that value. She suggested we have the property appraised by a licensed appraiser or by the County Assessor’s Office (if they were willing). If the property is appraised for less than \$2.9 million, then the fee would be lower.